OCTOBER 2000

maipf NEWSLETTER

Michigan Automobile Insurance Placement Facility, P.O. Box 33617, Detroit, Michigan 48232-5617 • 734/464-1100 • www.maipf.org

Manager's Message

Terri A Miller, CPCU

We will celebrate an important milestone this October...the 15th anniversary of the HEAT® (Help Eliminate Auto Thefts) Program. Our partnership with auto insurers, law enforcement and communities has resulted in stolen property recoveries valued at over *$33 million.* This money goes right to the bottom line of insurance companies, helping them keep insurance rates down across the state of Michigan. Tip rewards of over $2.2 million have been paid to citizens wanting to make a difference in their communities, and their calls have led to the arrest and prosecution of over 2,300 suspects. Information can be reported confidentially to 1-800-242-HEAT, and rewards are available up to $10,000.

Please join us in this effort by helping promote HEAT® to your customers, employees and communities. Orders for program materials may be placed by calling the Facility office, or through the HEAT® Program web site at www.miheat.org.

Please contact me at the Facility office or by email (tmiller@maipf.org) if you have any questions or suggestions to improve Facility operations.

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Frequently Asked Questions

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Can I get a quote on a commercial risk before I submit an application?

Unfortunately, neither the Facility nor Amerisure is staffed to provide quoting services. However, there are other options available to assist you in rating. If you have a commercial rating manual, the staff at the Facility or Amerisure may answer questions about underwriting and rating. In addition, commercial worksheets are available which offer a comprehensive step-by-step approach to rating. Please contact us if you would like a set of worksheets mailed or faxed to you. In the meantime, we are researching the possible development of a commercial rating disk. We will keep you informed of our progress in future newsletters.

Registration Denial

Effective June 1, 2000, legislation MCL 257.219 was passed which will make certain drivers ineligible to purchase, lease or register a vehicle.

Under the "registration denial" program, drivers who do not have a valid driver's license and have been convicted of:

- three or more alcohol related convictions within a ten year period, or
- four or more drove while license suspended or revoked convictions within a seven year period.

will not be able to purchase, lease or register or renew a registration for a vehicle in the state of Michigan.

Notification from the Secretary of State has gone out to those drivers who fall under the criteria for registration denial. The restrictions on the driver will remain in effect until his or her driver's license is restored.

Name Change

Effective immediately, commercial servicing carrier Michigan Mutual has changed its name to Amerisure Mutual.

Outstanding Premium Notification

When you resubmit JUA applications for the same client, please review your files to determine if they have a balance due from a previous JUA policy. *Facility rules require that if an unpaid, uncontested balance is owed to*

a servicing carrier your client must:

- *pay the outstanding balance that is due, or*
- *pay 100 percent of the premium up front for the new policy.*

The servicing carriers report to the Facility on a monthly basis the names of those individuals whose policy is cancelled for non-payment of premium and have been unpaid, uncontested balance. When a person (who owes money from a previous JUA policy) reapplies for insurance, the Facility assigns them to the carrier that is owed the outstanding balance. It is your responsibility to monitor your JUA files for these situations. Failure to collect the proper deposit under these circumstances will result in a violation. This procedure is established to help control premium write-off, thereby reducing Facility losses.

AIPSO Distribution of Manual Pages

- Amended endorsements MAIPF 31 and AP 20 21 revise the method in which cancellation notices are mailed. Effective 7/1/00 for new business and 8/15/00 for renewals.

  In MAIPF31, we also clarified that electronic equipment is covered as long as coverage is shown in the declarations. Just a reminder: the maximum coverage for audio, visual, data electronic, and sound reproducing equipment is $1,500.

- Physical Damage Rate Schedules have been revised to show model year 2001. The related revised **Surcharge Chart** is enclosed with this mailing. Changes are effective 10/1/00 for new business and 11/15/00 for renewals.

Application Trend

For the months of January through September, the Facility has processed 22,354 private passenger applications compared to 42,131 for the same period last year – a decrease of 46.9%.

The Commercial application total is 675 for the same period – a decrease of 14.8%.

Would You Like To Receive Your Newsletter Via Email?

Currently we distribute our Newsletter via the United States Postal Service. If you would rather receive your newsletter by email, please complete the Order Form on our web site, www.maipf.org. You can get to the Order Form through "Contact Us," "Producers," or FAQs – or type in the following URL: **http://maipf.org/_vti_bin/shtml.exe/form_page.htm.**

In the order form, check the box about receiving newsletters via email. Please remember that you can also view and print our newsletter in "Newsletters & Mailings" (http://maipf.org/newsletter.htm).

If you have email capabilities, but do not have internet access, please send us an email at info@maipf.org.

Web Sites
www.maipf.org

Check out our new look! In addition to our new look, we've enhanced our web site with the following:

✓ Information on the Repeat Offender Law
✓ Patterns for JUA policy numbers
✓ Printable forms:
MAIPF-60 Declaration of Intent to Reside
MAIPF-40 Vehicle Inspection Form for private passenger risks
MAIPF-05 Vehicle Inspection Form for taxicabs

Reminder! Why wait until morning to ask your question? Our electronic mail box – info@maipf.org – is available 24 hours a day, seven days a week!

Coming Soon! An electronic version of the MAIPF Users' Manual is tentatively scheduled for early 2001. Now you'll always have an up-to-date manual at your fingertips!

www.miheat.org

The Heat Web Site has a brand new look! Check it out!

✓ ***How HEAT works***
Facts - Reward Levels - Statistics - HEAT® Exhibit - HEAT® History - How to report a tip, order HEAT supplies, or request a speaker.

✓ ***Law Enforcement***
Cracking Down on Crime - Most Frequently Stolen Vehicles - Awards - ATPA - Watch Your Block Campaign - Links

✓ ***News & Clips***
New Releases - Anniversary Event

✓ ***Safety Tips***
What You Can Do to Eliminate Auto Theft - Protect Yourself from Carjackers - Using HEAT® in Your Community

There's more coming!

- ❑ Look for our Public Service Announcement with former Detroit Piston Grant Hill!
- ❑ Test your knowledge of auto theft activity with one of our three interactive quizzes!

Let's spread the word about the HEAT® Program!

Tell others to report any information
about **any** type of auto theft activity
to the **confidential** HEAT® Tip Line at
1-800-242-HEAT (4328)

Revised Facility Forms

In the April 2000 Newsletter we reminded you to use only the March 2000 edition of our Temporary Certificate of Insurance MAIPF-01. Please use only the certificates which indicate REV 3/00. Please shred (or otherwise destroy) all outdated certificates. Use only the 3/00 edition to avoid a violation.

Are you using the latest edition of all Facility forms?

Please check to see that your office is using forms with the following edition dates.

MAIPF-01 (Rev. 3/00)	Temporary Certificate of No-Fault Insurance.
MAIPF-03 (Rev. 11/99)	Private Passenger Non-Fleet Application
MAIPF-04 (Rev. 1/98)	Application for Commercial, Public Autos & Corporately Owned Vehicles
MAIPF-05 (Rev. 6/99)	Vehicle Inspection Form for Taxicabs (Print the form off the web!)
MAIPF-36 (Rev. 3/00)	Policy Change Request Form
MAIPF-40 (Rev. 6/99)	Vehicle Inspection Form for Private Passenger (Print the form off the web!)
MAIPF-60 (Rev. 4/96)	Declaration of Intention to Reside (Print the form off the web!)

Any questions? Need updated forms?

Call us at **734.464.1100**, press 1, then 2;
E-mail us at info@maipf.org;
Complete the Order Form off "Contact Us" on our web site at www.maipf.org; or
Write to us at **MAIPF, P.O. Box 33617, Detroit, MI 48232-5617**

Deposits With Changes

A deposit equal to the initial deposit premium (40% of the total premium) must accompany the addition of vehicles or coverages to an in-force policy. However, if the policy is due to expire in 60 days or less from the effective date of the additional vehicle or coverage request ***100% of the premium for the remainder of the policy period must be submitted.*** Adding vehicles and/or coverages during the last 60 days of the policy period without the required deposit may cause a premium write off situation. Servicing carriers closely monitor both of these situations and will report any infractions to the Facility.

Submitting Inadequate deposit premium is a Facility violation. Repeat violations will subject you to a hearing before the Producer Performance Committee, and may also result in action by the Division of Insurance.

If you have questions about deposit premiums, please call the Facility office or any of the servicing carriers.

Procedure Violation Guidelines

The revised Producer Violation Guidelines are enclosed. As a result of a special meeting held to review the program, procedures have been strengthened and some of the violation thresholds have been changed. Changes in the guidelines are indicated by a ◆. Revisions include a violation for applications that are not submitted as required by Facility rules (late applications) where a claim occurs between the time the application was completed and the time it was received in the Facility office. Included on the last page is a complete listing of all Deficiency and Violation codes.

Application Completion

We encourage you to ***carefully*** review your application before putting it in the mail. A **legible fully completed** application is essential for issuing an accurate and timely policy. The work *you do* up front completing the application is key to making that happen.

When submitting an RD108 as proof of ownership, **you will now be required to submit a copy of BOTH the front and back of the form.** Because of the "registration denial" program that went into effect on June 1, 2000, the owner is required to sign the back of the RD108 proving that he or she has read the statement about the program and could be denied registration. Failure to submit a copy of the back of the RD108 will result in a producer violation effective November 1, 2000.

Please make use of the checklist found on the reverse side of the vehicle inspection form, which is a part of the MAIPF-03 application snap-out. Also, give special attention to the following sections of the application, which are the areas that are most often incomplete:

- Include the full name, date of birth, marital status and drivers license number (indicate state) for ***registered owner and all operators.*** If a copy of the actual driver's license is submitted, please indicate marital status on the application.
- Lienholder name and address, if physical damage is requested.
- Symbol, if physical damage coverage is requested.
- Name of medical carrier, when coordinating coverage. NOTE: PIP coverage **cannot be coordinated with Medicare or Medicaid.**

As a result of producer input, we have developed a draft of a checklist that you and your staff may use to ensure that all necessary information has been provided before submitting an application. This draft is enclosed with your newsletter. We welcome your feedback, and will produce a final copy in a more durable format for distribution at a later date. Please send comments or suggestions to Nina Hier. She may be reached by mail, by phone at (734) 464-1100 ext. 227, or by email nhier@maipf.org.

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MAIPF User's Manual

We're finalizing the simplified Facility Manual! We're sure that you will find it much easier to use, especially for those writing commercial risks. The manual will include four appendices:

1. A summary of additional charges.
2. General information for commercial writers,
3. Deductible credits for commercial physical damage, and
4. Rating worksheets.

We anticipate that both the redesigned manual and its electronic version will be available early in 2001. Detailed changes to follow!

Medical Transporters

We have recently received a number of applications whereby the applicant has defined the operation as "medical transport". The applicant typically is a new business operating one or two vans and transporting ill or elderly individuals to clinics. These operations are funded by third party administrators and/or social agencies who reimburse the applicant directly. Amerisure, our commercial servicing carrier, generally classifies medical transporters (both profit and non-profit) under the public auto section of the Users' Manual, "Other Buses", primary class BUS NOC.

News From The Insurance Information Association Of Michigan

Insurance Fraud

Insurance fraud is one of the most costly white-collar crimes in America, ranking second only to tax evasion. And, it's consumers who pay the price. It is estimated that the average American family pays an additional $200 to $300 per year in insurance premiums due to insurance fraud.

Insurance fraud has many faces. It ranges from honest people who "pad" their legitimate claims to elaborate schemes perpetuated by members of an organized ring. It is alarming that a significant number of Americans believe that it is acceptable to pad an insurance claim. A recent survey found that more than one in three people think it is all right to overstate an insurance claim to make up for a deductible.

To combat this crime, insurance companies are increasing their efforts to take the profit out of insurance fraud. Companies have established Special Investigative Units that train representatives to identify losses that should be given a closer look. In Michigan, the industry is active and helps fund two organizations, which have been established to deter all types of arson and auto theft, including fraudulent acts.

Arson Control rewards up to $5,000 to persons who provide information that leads to the arrest and/or conviction of arsonists. The telephone number for reporting these crimes is 1-800-44-ARSON. HEAT® rewards callers up to $1,000 if the information leads to the arrest and binding over for trial of a suspected car thief, including fraudulent thefts; up to $10,000 if the tip results in the arrest and binding over for trial of suspected theft ring members and/or chop shop operators. The reporting number is 1-800-242-HEAT.

On the federal level, the insurance industry has formed the National Insurance Crime Bureau (NICB). This organization works with U.S., state and local law enforcement agents to identify and prosecute those individuals who profit by stealing from Insurance companies. Citizens can report fraudulent acts confidentially by calling 1-800-TEL-NICB.

IIAM is a non-profit information organization which sponsors a number of consumer information and education programs.